



Warner Municipal Budget Committee

Meeting Minutes
Thursday, January 12, 2017

APPROVED

Chairman Mike Cutting opened the meeting at 7:00 pm.

Committee members in attendance:

- ◆ Mike Cutting - Chair
- ◆ Allan Brown - Selectmen's Rep
- ◆ Alfred Hanson
- ◆ John Leavitt
- ◆ Jonathan Lord
- ◆ Martha Mical
- ◆ Pete Newman - Water Precinct representative

Excused:

- ◆ Kimberley Edelmann

Also present: Jim Bingham - Town Administrator, Clyde Carson - Selectman, John Dabuliewicz - Selectman, Anthony Mento - SMP Architects, Judy Newman-Rogers, Barbara Annis

1. Meeting Minutes

No minutes were submitted for review.

2. The Agenda

Chairman Mike Cutting reviewed the agenda for the meeting:

- ◆ Discussion with SMP Architects' Anthony Mento, Program Manager, regarding the future fire station
- ◆ John Leavitt's email of January 3, 2017 & response from the Town
- ◆ Review of the updated 2017 proposed operating budget
- ◆ Review of the capital budget

3. Future Fire Station

Anthony introduced himself as an employee of SMP Architects and a resident of Warner.

The Fire Station Building Review Committee (FSBRC) has hired a Construction Manager (CM) to assist the committee and SMP in developing a concept plan and the cost. That information would be provided at the 2017 Town Meeting. A warrant article would be presented to request funds to cover the architectural and engineering services. That was referred to as Phase 2.

Alfred asked what Phase 1 cost. Allan answered: \$19,500 plus mileage. The CM had waived the Phase 1 fees.

Alfred asked who the CM was. Allan answered: Ken Holmes from North Branch Construction (NBC) in Concord.

Alfred asked if NBC would also bid it. Anthony said that they were acting as a CM; NBC was not acting as General Contractor and the project was not a "design / build" project; the Town was using the construction management delivery method.

Phase 2 costs included SMP's architectural & engineering fees and their time through completion to 2018 Town Meeting. This included structural engineering, mechanical engineering, electrical, plumbing and fire protection. All the sub-contracted engineering teams' fees were included in the SMP costs. In mid-December, SMP provided a proposal to the Town for all of this engineering, including sub-contractors, at a cost of \$140,070.

The Town of Warner would be covering permit fees.

Martha asked what other costs there would be in Phase 2. Anthony said required civil engineering work would be done by Northpoint Engineering, LLC in Concord. The cost estimate for that work was \$34,900. Another service that would be needed was geotechnical borings of the soil. The cost of that was expected to be around \$6,200, however no firm had yet been selected.

Mike added up the numbers provided, noting it was about \$180,000. Allan said he needed to add in the Construction Manager's Phase 2 fee of \$10,000, bringing the total closer to \$190,000.

Martha asked Anthony if a contingency would be built into Phase 2 costs. Anthony said they often recommend a small contingency of \$10,000 or up to 10%; \$10,000 would be good.

Martha asked Allan what the final warrant article would be requesting. Allan said after talking to SMP, the Board of Selectmen would be looking for the full amount discussed.

Martha asked how long permits would be good for. Anthony said most would be good for a year, but some could take over 6 months to obtain. Reapplying for any that expire would be easy and done by Northpoint Engineering, probably at an hourly fee.

In summary, Phase 1 and Phase 2 looked like this:

	Phase 1	Phase 2
SMP Architects	\$19,500	\$140,070
North Branch Construction	\$0	\$10,000
Northpoint Engineering	\$0	\$34,900
Geotechnical Surveys	\$0	\$6,200
Contingency	\$0	\$10,000
Sub-Totals	\$19,500	\$201,170
Total for Phases 1 & 2	\$220,670	

Clyde said the Select board had not discussed any of these numbers yet.

Alfred asked for an estimated cost of construction. Anthony pointed out that the newly hired Construction Manager had not been given any designs yet; only concept drawings were available at that point.

Alfred asked if the FSBRC had set a target construction price. Anthony noted that based on 10,000 square foot building, which was roughly the current size, it would be hard to stay under \$2,000,000. The FSBRC was aiming to stay under \$2,500,000 for Phase 3; construction.

The land was purchased for \$215,000. With \$2.5M for construction, the grand total would be \$2,935,670.

Alfred was not happy that the project would come in at \$3,000,000. He did not feel it would be easy to sell in Town. Mike noted that if the Town doesn't buy it, that would be another \$450,000 spent and still no fire station.

Martha said there were mistakes made in the first new fire station plan. She said it was time to move on.

After reviewing the fees and costs, Anthony invited questions.

Mike asked Anthony about Town Meeting 2017. By that time, would NBC be able to provide a cost of construction? Anthony said it would be a conceptual budget, as the plans would only be conceptual in nature at that time. But, it would give some idea. If the numbers came in high, the plans would need to be modified to bring the price down.

Anthony said they would be showing conceptual designs. There was already one public listening session. There would be another listening session on February 15 for the public to come, hear about the plans and ask questions. There, the public will hear about changes made since the previous session. The renderings would be finalized and presented at Town Meeting.

Mike asked what other marketing efforts SMP would be providing. Anthony said the firm would be providing graphics posters, marketing material to give to the committee for posting in various locations and on the Town website. He noted that one member of the FSBRC was working on a brand new website just about the fire station project. It was the committee's job to get out the vote.

Martha said there were a lot of people who don't have computers. Posters were needed. Also, at Town Meeting, she asked if some history of the project would be provided; something that would help explain to the Town the amount of work that had been done by the committee. Anthony said that was the case. Also, a writer for the Concord Monitor would be writing about the project.

Jonathan asked if the advertising work being done was part of the SMP fee. Anthony confirmed it was.

Mike asked if a direct mailing would be sent to residents. Anthony said that was a good idea and SMP could help produce that. Mike suggested to Jim sending out one newsletter about the fire station project before Town Meeting. Jim said that would be an idea, but that if the solar array project should also be included as they are the two big projects. Martha said that all of the warrant articles should be presented equally. Mike agreed, suggesting the newsletter cover warrant articles.

Allan recalled that when they were planning to do the highway garage, there was a dedicated newsletter sent to all of the taxpayers in Town. It was bright yellow. It was informative and helpful.

Clyde said "the sign" should be used for both the February 7 session for the solar array and the Feb 15 session for the fire station.

Barbara Annis suggested since Peter St. James was a Warner resident and was on "The Pulse", someone should ask for his help.

Judy Newman-Rogers recommended putting a "Future Home of Warner Fire Station" sign on the property, like the one put at the New Hampshire Liquor & Wine Outlet site. Mike thought that was a good idea. Anthony said he could provide the graphic; the Town could forward it to a local sign maker.

John Leavitt asked at what time the determination would be made to downsize the plans. Anthony noted that the committee had already been downsizing. With NBC recently engaged, there would be a lot more going back and forth. The FSBRC had certain things they wanted to achieve. As costs become known, the FSBRC would have to make decisions. For example, once numbers were available, the FSBRC may need to decide whether to go with a more expensive highly efficient boiler, or to go with a less expensive traditional boiler, all while taking into account the annual costs of heating.

Allan added that it would be the same exercise when it comes to roofing, siding, and other aspects of the building. He noted that while the Town likes to build new buildings, going cheap meant having to pay more for heating and

maintenance over the years. The FSBRC was just starting to get to those kinds of discussions and decisions.

John L said he was not concerned about building cheap. He was more concerned about making changes too late into the project when the costs could increase dramatically. Allan said that was one of the first things Anthony pointed out to the FSBRC.

Alfred asked Allan about the longevity of the building. Allan said his goal was 25 years, but 40 years was more likely. But as Chief Ed Raymond pointed out, where Warner would be in terms of rescue services down the line? Anthony's firm had provided a design which could easily be expanded if needed in the future. Allan noted that no one knows what will happen. According to projections, the Town won't be growing until 2040.

Alfred noted that the current fire station was built in 1962. Martha added that it was doubled in size in 1990. Alfred said he felt the problem was that life was going twice as fast as it was in the 1960's and therefore everything else around it was going twice as fast.

Mike said that from a fire station perspective, one had to look at the services being provided. Most of them were medical. According to the New Hampshire Central Regional Planning data, the Town's expected growth was not substantial. In the 80's and 90's, the growth of NH was faster. It slowed down since then.

Mike said the Town still had to cover I-89. Martha noted that Warner was the second oldest Town in New Hampshire. Medical calls may increase. Alfred said that government had grown in Warner, as well as services. Alfred believed that services would be increasing, as evidenced recently at Pine Rock.

Allan said the current fire station has 3,450 square feet of space. The building being designed was 10,000 sq ft. Currently, apparatus was stored in multiple locations. The new building would put all apparatus in one location.

Clyde reiterated that the population size does not necessarily reflect the needs of the population in terms of services. As people age, they may require more services. He also spoke about the Economic Development Advisory Committee that was looking into attracting additional businesses into the Town. Those businesses would also require additional services.

Allan said initially he wanted to build a small fire station. But then he listened and learned about the issues, including recruitment of firefighters, building codes, and more. He also commented that an ambulance is not part of the plan. The current Hopkinton arrangement was good.

Clyde said the Town needs to look to the future.

Alfred said small towns are suffering. He felt there were alternatives out there, but no one wants to take them. He suggested that Selectmen's joint discussions with other Towns didn't seem to come up with solutions.

Clyde said that going to a regional fire department would directly impact insurance policies for homeowners. Clyde said that he would love to do regionalization.

Mike asked the Board of Selectmen, all present, what their position was regarding the existing fire station and the house on the future site. Allan said that until the new fire station was in place, nothing could be decided. His personal view was to sell it, but that would be up to the sitting board at the time. Regarding the house, a party was identified who would be interested in moving it. However, nothing would happen until FEMA grant paperwork is done by Ed Mical. The site must remain undisturbed for now.

Judy asked if an inventory of the house was taken. Allan said he goes into the house quite often. Martha recommended taking pictures.

Before leaving the meeting, Anthony said that 8 engineering consultants were working hard on Warner's behalf to provide the building that the fire department deserves and needs. He hoped the budget committee would support the project; it would mean a lot to the FSBRC and the fire department. Mike thanked Anthony for his work and efforts, past and future.

Martha asked Anthony if posters could be provided for budget committee members. Anthony said he would be meeting with the FSBRC soon. He would talk with them about posters. 52.25

4. John Leavitt's Email

Mike said that John brought before the budget committee a series of questions.

John clarified, saying he wanted to reiterate that the Town Administrator said he was going to look into....., but the committee hadn't anything. He was looking for a response.

Jim said an email had been sent out to everyone the day before.

Mike asked if there were additional questions after reading the email.

John said he had not had time to review the email.

It was agreed to let John review the email and to cover it at the next meeting.

5. Operating Budget

Mike noted that changes had been made to Column H, "2016 Spent (as of 1/11/17)", of the spreadsheet. Mike asked Jim what other changes had been made.

5.1 BOS - Temp Services

The budget committee had requested that a figure be included in the Temp Services line under 2016 Spent. Jim noted that \$1,725 was moved from Land Use Clerk Salary to BOS Temp Services to reflect work done.

5.2 BOS - Professional Services

Jim noted that the Professional Services line will cover consultant work. Initially it will be used in a wage study.

John Leavitt felt "Professional Services" was too broad.

Mike noted that "Computer Expenses" was also broad if one wanted to think in terms of man power, the purchase of technology, the purchase of services, it could be a variety of things. Mike noted that "Mileage" covers several people.

John felt "Professional Services" could cover a plumber. It was too broad in his mind. It could be absolutely anything.

Mike argued that it was not the budget committee's responsibility to figure out what accounting descriptions to use. It was the committee's job to make sure there was a budget that was financially responsible.

John argued that each line of the budget was an appropriation and appropriations are the budget committee's responsibility.

Martha asked if John would agree to keep the label "Professional Services" and in Column M, which is unlabeled but used for brief descriptions, "Compensation Study". John said he was told it was a "Wage Study". Martha clarified that it was a full compensation study, including wages and benefits.

Martha asked Jim if he would simply add "Compensation Study" to Column M. Both Jim and Mike thought that was a good idea and it was time to move on.

Alfred asked if Professional Services was spent at \$5,000 instead of \$10,000, where would the remaining money go? The answer was that return back into the General Fund, as done with all budget lines that don't get spent.

5.3 Cemeteries - Pine Grove Cemetery - Lawn Care

Jim noted this was a new line. Previously, there had been a trust fund for Pine Grove. It ran out of funds before the Trustees noticed. Discussions about this would continue.... Meanwhile, the new budget line was put in place to reflect the Town's responsibility to maintain the cemetery. The 2016 spent figure showed \$10,602. The budget for 2017 was set to \$8,500.

Martha said that in old Town Reports, there always seemed to be around \$42,000 or \$47,000; she assumed it was restricted for Pine Grove. But when they got the money from Pine Grove, they put it in the same account even though it was unrestricted money. So they spent without stopping when they ran out of unrestricted funds, probably due to lack of communication. She believed when the Town voted to accept the Pine Grove, it was stated up front that money would be given; if done later, there would be no money.

Mike asked if the Town will be responsible for the maintenance of Pine Grove. Clyde believes the error was that the Town did not recognize that there would be increased expenses. Martha felt that was well stated at Town Meeting. She said \$20,000 came with the vote but no one was watching it get used up. Martha referred to the 2010 Town Report.

Jim noted that the only minutes available from the Cemetery Trustees are from 2002. The Cemetery Trustees have not been connected with the Board of Selectmen for quite some time. He was not sure how much they understood in terms of their responsibility to watch the funds. The Trustees of the Trust Fund made the payments, but the sign offs come from the Cemetery Trustees. The Town had very little involvement.

Mike noted that many other cemeteries exist in Town with trust funds. What was the status of those? Jim said he had brought that up with the Board of Selectmen a couple months earlier. Jonathan added that Jim had brought it up at an earlier budget meeting, as well.

Jim said he had looked into it. Other cemeteries were covered by Town expenses. Pine Grove was not. There may be opportunity to get access to perpetual care funds, but there is no current mechanism in Town to do that. Jim reached out to the Secretary of State's Charitable Trust Office. They would provide a kit and would provide support to help capture that kind of funding.

Alfred said that in the 2015 Annual Report, there was between \$140,000 and \$160,000 in Trust Funds for Cemeteries.

Secretary's note: The 2015 Annual Report page 56 shows an ending balance of \$46,356 for the Town Cemetery Trust Funds, \$56,426 as the ending balance for Pine Grove Cemetery, and an ending balance of \$8,368 for the Pine Grove Cemetery Association, Inc. Grand total: \$111,150.

Alfred asked Jim if what he understood, that money can't be touched, was correct. Jim said he didn't know. Alfred asked for confirmation that Jim was looking for alternatives to tap into trust fund so that the burden of cemetery care would not all be on the taxpayers. Jim said there are mechanisms and formulas by which reimbursement levels can be calculated. Alfred asked if the Cemetery Trustees understand the language of the trusts. Barbara Annis said it is the Trustees of the Trust Funds who would know. Jim said the Trustees of the Trust Funds hold the funds, but it would be good if the Cemetery Trustees understood.

Alfred asked why the the funds can't be used; doesn't "perpetual care" means taking care of the cemetery? Barbara Annis explained how "perpetual care" funds worked. Only the interest earned from the CDs can be used.

Secretary's note: RSA 289:9 Use of Trust Funds. – Cemetery corporations and the trust fund trustees of municipalities may take and hold funds in trust, and may apply the income of the trust to the improvement, watering, or embellishment of the cemetery, or to the care, preservation, or embellishment of any lot or its appurtenances.

(At this point, multiple conversations were taking place.)

Judy asked why the budget showed a disproportionately large amount for Pine Grove compared to all of the other cemeteries put together. Martha said Pine Grove was the biggest cemetery. She also believed it and Waterloo were mowed more frequently than the others.

5.4 Street Lighting

Jim said they were considering increasing the Street Lighting line to \$10,700. In 2016, the Town spent \$10,728. Martha agreed, noting that electricity rates weren't likely to go down.

5.5 Parks & Receptions

Allan said he met with Apryl Blood. He told her that the maintenance budget had been reduced. She said they would need to replace the ice skating rink liner which was sliced. It would cost \$3,000.

\$5,000 had been cut. Now the Selectmen need to decide whether to increase it. Martha believed Apryl would be going to a future Selectman's meeting.

Alfred asked why the liner cost \$3,000. Allan said that was what he was told. Patching might be possible.

Bottom line is that the P&R budget might be modified.

5.6 Pine Grove

Judy referenced Cell J127, "\$ Difference for Pine Grove Cemetery - Lawn Care", asking if it should reflect the new \$8,500.

Cell J129 does correctly note the \$8,500. Jim said he could change J127, as well.

Alfred said that in 2015, there were no values for Pine Grove. Jim confirmed that was correct as Pine Grove was covered by the Trust Funds. Now the line was being added to cover costs going forward.

Martha said Pine Grove was voted to be a "Town Cemetery". Shouldn't it be added into the Town Cemetery grouping? Jim noted that the auditors recommended keeping it separate to account for the sudden expense.

5.7 Highway - Hydrant Maintenance

Someone in the audience asked why the line had been cut from \$5,000 in 2016 to \$2,500 in 2017. Allan said that there were two in stock. Jim added that Tim Allen wants to replace one hydrant per year, maybe two. The \$2,500 was for purchase of one more.

5.8 End of Year Spent

Alfred asked when the final figures for 2016 expenditures would be known. Jim said they would be posted at the end of the month. To date, the unspent amount was \$166,613. Jim estimated there would be approximately \$100,000 at the end.

The \$166,613 did not include encumbered funds. About \$26,000 would be encumbered in 2016.

5.9 Final Operating Budget

Mike asked when the final operating budget would be known. Jim said the Board and the Department Heads had worked very hard on the budget. The Board may want to look at a few more things, to tighten the budget further, but that it was very close. The expectation is that all of the Warrant Articles will be ready by the next meeting.

Mike said he would ideally like to see the final wording of the Warrant Articles. Jim said regarding the numbers, only the fire station warrant article was likely to change. Allan said he and Jim were going to go over the numbers again. Allan wants to keep the amount as low as possible. But, there may be additional charges for archaeological studies, so he doesn't want to cut too deep.

6. About The Next Meeting

Discussion about the agenda for the next meeting, scheduled for January 19, took place.

- ◆ Final review of the Warrant Articles, including the operating budget
- ◆ John's email / request - John said it this was not his request, but the committee's.

Water precinct - The committee agreed that they don't need to hear from the Warner Village Water Precinct again.

Martha asked Jim to let the budget committee see the MS-434 revenue numbers before anyone signs the form.

Martha will calculate the tax rate using the numbers provided.

7. Pillsbury Free Library

John asked for clarification. The way he read the library agreement, the citizens of Warner should not be paying anything. Martha said the agreement said the Town would pay the 1/15th of 1% of the valuation. Use of the library was the "free" part. He felt the agreement was up for interpretation. Also, the addition changed things. Alfred recalled that when the addition was voted in, the question was asked how it impacted the agreement.

Mike read from the minutes of the Annual Town Meeting of 1890, as attested to by L. W. Davis, the Town Clerk at the time, and transcribed by David Hartman. The section of the minutes read pertained to the Pillsbury Free Library :

"Whereas: Hon George A. Pillsbury, formerly a citizen of Warner and now a resident of the State of Minnesota, has offered to erect and present to the town of Warner a library building to cost about ten thousand dollars, for the free use of the citizens of Warner forever upon conditions, that said town accepts of said Library building, and Library therein, and facilitates for its care and support. Thereupon."

Mike said it sounded to him that the Town accepted the money to build the library and take care of it.

Martha noted that the 1890 Town Meeting minutes go on to talk about the formula.

Secretary's note: The section Martha referred to was not read out loud during the meeting but had been provided to committee members ahead of time. It is included here for minute readers:

"Resolved: that the town of Warner accepts of said generous gift, and agrees to care for the same, and support the same forever, and that the sum of money, equal to one fifteenth of one per centum on the assessed valuation of the town, as made by the Selectmen for the purposes of local taxation, as annually apprated (?) forever, and that the Selectmen shall without further vote of the town, annually add to the sum raised annually for the expenses of the town a sum equal to one fifteenth part of one per centum upon its assessed valuation as (?), for the care of said Library building and Library therein, which said sum is hereby annually appreciated forever."

John noted that while it said "for the free use of the citizens", the costs still came out of the citizen's tax dollars, therefore he did not see it as being "free". It said it sounded like it talked about the original building, but not the addition.

Allan said at Town Meetings when the addition was voted, they accepted that it would cost them more money to operate the facility.

Allan said when he was reading Nancy Ladd's budget sheet, there was a section that was difficult to understand. He thought he had read there was an unrestricted fund with a boatload of money in it. Jim noted there was something about "available funds" and was a sum of various funds. Someone in the audience said it included the donations account along with unspent money in capital reserve.

Mike asked if it would be possible for the Library to present their budget in the same format used by the Town Hall. Mike said while he appreciated the budget work done by the library, the layout was too complex. The person in the audience noted that Nancy was talking with Jim Bingham about doing just that. Nancy was trying to show all aspects of revenue and expenditures on one sheet. Mike suggested showing expenses on one sheet and revenue on another.

Jonathan suggested that it would be good if Parks & Recreation also modified their budget presentation. Jim said he had forwarded a template to P&R to try.

Alfred asked Jim to look at the 2015 Annual Report, page 56, specifically at the Cemetery paid out fees. He asked if the "paid out" number was what had been paid out for cemetery care or something else. Jim did not know if the fees paid were administrative in nature or lawn care.

Jim added that the report did not show how much money in the funds were available for use. Only interest can be used, which was what went wrong earlier. Alfred asked if the Trustees should know that information. The answer was yes.

8. Next Meeting

Mike reviewed the agenda for the next meeting, scheduled for Thursday January 19 at 7 pm:

- ◆ Final operating budget
- ◆ Final capital budget
- ◆ Review revenue
- ◆ Discuss matters brought forward
- ◆ Estimated tax rate

9. Adjournment

The meeting was adjourned at 8:51 pm.

Respectfully submitted,

Kimberley Brown Edlmann
Recording Secretary